



NOTICE TO STATE OF DELAWARE 457 DEFERRED COMPENSATION PLAN PARTICIPANTS REGARDING THE TIMING OF DEFERRAL AMOUNT CHANGES

IRS regulations regarding 457 deferred compensation plans state that compensation may be deferred for any calendar month only if an agreement providing for the deferral has been entered into before the first day of the month in which the compensation is paid or made available.

In order to comply with IRS regulations there will be a slight change to the plan regarding the timing of deferral changes as of March 1st, 2009.

WHAT DOES THIS MEAN TO ME?

- Beginning March 1st, 2009 any requests to initiate or change the amount of a payroll deduction to a new or existing 457 deferred compensation account will be made on a monthly basis, whether the change is requested by contacting Fidelity Investments or Office of the State Treasurer. Any updates to deferral amounts made during the current month will be processed the following month. In the past, changes were processed on a bi-weekly basis. Below are a few examples of how the new process will work:

If you currently participate in the plan and call Fidelity on March 2nd, 2009 to change your deferral amount from \$25 to \$50 per pay, the change to \$50 will begin with the April 9th, 2009 paycheck.

If you are not currently participating in deferred compensation but decide on March 2nd, 2009 that you would like to enroll, you call Fidelity and request \$25 per pay be deferred to Fidelity from your paycheck each pay period. The first deduction from your paycheck would occur on the April 9th, 2009 paycheck.

ADDITIONAL INFORMATION

- The 457 deferred compensation plan already adheres to this IRS regulation in the processing of sick/vacation payouts. There will be no changes to the way the Sick/Vacation Deferral Forms are processed.
- Office of the State Treasurer will continue to stop an employee's payroll deductions immediately upon approval of a hardship distribution.

IF YOU HAVE ANY QUESTIONS, FEEL FREE TO CONTACT JOSH HITCHENS AT (302) 672-6733 OR BY E-MAIL AT Joshua.Hitchens@state.de.us